



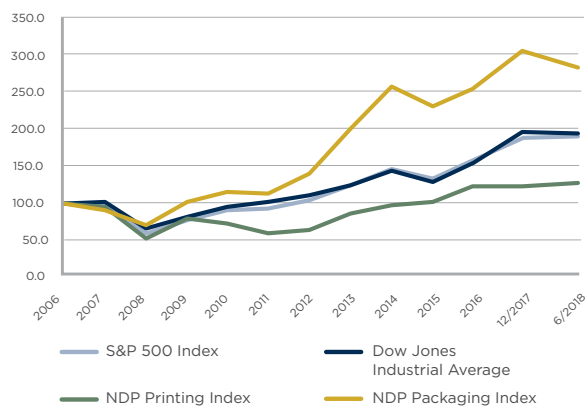
## Recent Transactions

New Direction Partners, the leading middle market investment banking firm in the printing and packaging industries, has recently completed the following transactions:

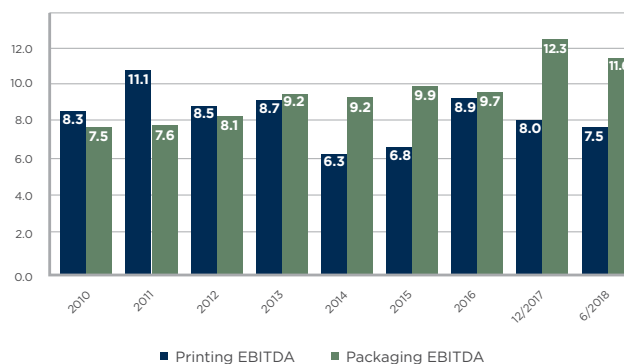
- ▶ Sale of Badger Press Photographic to Brookstone Printing. NDP represented the seller.
- ▶ Sale of Great Lakes Integrated to Traxium. NDP represented the seller.
- ▶ Sale of Watt Printers to Traxium. NDP represented the seller.
- ▶ Sale of FLM Graphics to Phase 3 Media Corporation. NDP represented the Seller in this transaction.
- ▶ Sale of Sunbelt Printing to Drummond Press. NDP represented the buyer.
- ▶ Sale of Screen Works Inc. to an Individual Buyer. NDP Represented the Seller.
- ▶ Sale of Gooding Company, Inc. to Nosco Inc. NDP Represented the Seller.
- ▶ Sale of Galapagos LLC to Traxium LLC. NDP Represented the Seller.
- ▶ Sale of Tepel Brothers Printing to The Vomela Companies. NDP Represented the Seller.
- ▶ Sale of McArdle (a wholly-owned subsidiary of Bloomberg BNA) to Corporate Press. New Direction Partners represented the seller.
- ▶ Sale of Unette Corporation to Huizenga Group. New Direction Partners represented the seller.
- ▶ Sale of Halm Industries to W&D Machinery. NDP represented the seller.
- ▶ Purchase of MHG by Michael Murphy. NDP represented the buyer.
- ▶ Sale of Consolidated Press to KP Corporation and Gemini Investors. NDP represented the Seller.
- ▶ Sale of ASAP Printing Corporation to 4over, Inc. NDP represented the Seller.

## Industry Trends by Peter Schaefer

### The NDP Printing & Packaging Stock Price Index



### The NDP Printing & Packaging EBITDA Trend



***It is important to note that private businesses typically sell for lower EBITDA multiples than the multiples of their publicly-traded counterparts due to private company status and a lack of liquidity as well as size and risk differential.***

## Places to See NDP

- ▶ Jim Russell and Jim Tepper will be attending and presenting at the Annual Meeting of the PIA Affiliate Managers in Park City, UT July 21-24, 2018.
- ▶ Peter Schaefer, Jim Russell and Al Reijmer will be attending the Printing industries of Ohio and Northern Kentucky 2018 Leadership Conference in Columbus Ohio from Sept 16-18.
- ▶ Paul Reilly will be speaking at PRINT 2018 scheduled for September 30 through October 2, 2018, at McCormick Place in Chicago.
- ▶ All New Direction Partners and Directors will be present at PRINT 2018. Please contact us to schedule one-on-one meetings.

## Recent Webinars

New Direction Partners experts present frequent web sessions in partnership with associations, publications and others. Some have no cost associated with them; others carry a small fee for non-members of the organization. We invite you to listen to some of our recent educational sessions and contact us at [info@newdirectionpartners.com](mailto:info@newdirectionpartners.com) with questions or for additional information!

- ▶ Dscoop hosted a webinar with Tom Williams and Randy Camp: Calculating Ownership Costs and ROI: Printing companies today must keep their technology investments up to date. But with so many new technologies entering the market and with the rapid rate of change in customer requirements, how can companies make the best use of investment dollars? And once they make those investments, how do they ensure they receive the most possible benefit? Drawing on years of experience in advising on and making investments, as well as in helping companies establish and grow the value of their businesses, presenters will share sage advice and actionable ideas on making the most of technology investments.

The program focused on how to:

- ▶ Compute the benefits of a technology investment
  - ▶ Keep the benefits in terms of improved profitability
  - ▶ Compute the adequacy of a return on investment
- ▶ Jim Russell and Al Reijmer presented a webinar hosted by GLGA on June 26th: "GLGA's latest Profit Matters webinar – the Great Lakes Graphics Association's effort to address all issues regarding profitability in the print industry in a session entitled Are You a Buyer or a Seller?"

In today's print market, organic growth is hard to come by. In an industry that is still contracting, and with buyers and marketers who have less time to meet with new vendors (your sales people), organic growth is a serious challenge for most printing companies and their sales teams. For the last few years, the team at New Direction Partners has been advising that printers who are struggling with organic growth should be either a buyer or a seller... And that is still the case today.

Which one should you be? Is your company positioned properly to effectively manage a "tuck in" of new business and grow through acquisition, or should you be considering the sale of your company to another firm better positioned to help you grow your revenue? And if so, how do you determine your company's value. Takeaways from this session included:

- ▶ Identify the key traits and characteristics of businesses that should be buying other companies
  - ▶ Find out how values are determined in those transactions, and
  - ▶ Learn which types of businesses might be better suited to merging with or selling to a friendly competitor
  - ▶ End with a few guidelines for ensuring your business has the best value
  - ▶ [View Archive](#)
- ▶ Visual Media Alliance hosted "What Your Mama Didn't Tell You About BHRs," presented by NDP's Joe Polanco. The webinar covered the challenges all-inclusive budgeted hourly rates present in developing sound pricing practices. Since quite frequently BHRs don't reflect costs but are used to create market-driven pricing, Polanco discussed the need for firms to create direct costing systems along with activity based pricing and product line costing tools.

Download the presentation [here](#) or view the webinar archive [here](#).

- ▶ Joe Polanco and Paul Reilly presented a webinar hosted by GLGA entitled 8 Imperatives for Growing Your Printing Business. The session presented actionable ideas to help business owners grow their businesses. In a mature market, if you don't grow, you will run out of business to make more efficient!

The session discusses why it is important to:

- ▶ Measure sales activity with the same passion you measure production activity
- ▶ Set a target, then plan, act, measure and adjust - and do it better than your competition
- ▶ Implement a product-focus or customer-focus business strategy
- ▶ Develop a growth plan, and make those required to execute responsible for its implementation
- ▶ Monitor plan results and adjust actions as required
- ▶ Be different
- ▶ Target high growth industries
- ▶ Purchase competitor firms

Download the presentation [here](#) or view the webinar archive [here](#).

- ▶ Dscoop hosted a webinar on "Succession Planning" presented by Peter Schaefer and Jim Russell. The program focused on:

- ▶ Key elements of a succession plan
- ▶ Leadership and Ownership changes
- ▶ Valuation methods

The webinar archive is available to Dscoop members only, but membership is free. Visit [www.Dscoop.org](http://www.Dscoop.org) for more information.

- ▶ Paul Reilly and Joe Polanco presented a session titled Cost Management in Today's Economic Environment, hosted by Dscoop. The metrics presented can be understood by all company personnel and predict over 80% of profitability. These metrics use Value Added and payroll cost to identify where improvement can be made. Unlike ratio studies, these tools identify action improvements based on only your firm's historical performance. The program focuses on:

- ▶ Actions to be taken to improve profitability
- ▶ How to compute these metrics
- ▶ How to set targets and drive improved results

The webinar archive is available to Dscoop members only, but membership is free. Visit [www.Dscoop.org](http://www.Dscoop.org) for more information.



## Upcoming Webinars

- ▶ Dscope will host the following webinars:
    - ▶ Calculating Production Inkjet Ownership Costs and ROI - August 16
    - ▶ What Your Mama Didn't Tell You About BHRs - September 20
    - ▶ Creating the Perfect Sales Plan - October 18
    - ▶ Managing Customer Concentration in Today's Printing and Packaging Environment - November 15
    - ▶ 10 Attributes of High-Growth Companies - January 17
  - ▶ NAPCO will host a webinar on July 19th, 2 PM Eastern: "M&A Trends in Print & Packaging"  
The program will focus on:
    - ▶ Why M&A makes sense as a strategy
    - ▶ Discussion of "Tuck-ins"
    - ▶ Discussion of "Cashless Mergers"
    - ▶ Hot Markets and what drives higher valuations
- Presented by Paul Reilly. Register [here](#).
- ▶ PPI Association will host a Webinar on August 14th "Sales Planning"

## Featured Listings

### Firms for Sale

- ▶ **New England Area Grand Format Printer**

Our client is a \$25+ Million, privately owned, growing, profitable marketing services provider with both regional and national clients. The owner is exiting for retirement, but a highly competent management team with a strong leader remains in place. They have demonstrated the ability to respond to customers' needs with innovative solutions and have substantially grown these processes to major parts of their offerings. The firm offers a complete array of manufacturing process with significant resources and support for customer marketing needs. This is a turn-key opportunity requiring very little change or input.

**Contact:**

*Jim Russell @ [JRussell@NewDirectionPartners.com](mailto:JRussell@NewDirectionPartners.com)  
or by phone at 248-891-6992.*

- ▶ **East Coast Full Service Marketing Services Provider**

Our client produces large format banners, signs and in store window displays and graphics for many well-known national retailers and regional business. With revenue of \$4 million and an impressive EBITDA margin of nearly 30%. This represents a great opportunity for a commercial printer looking to enter the grand format market in a big way, or for an individual looking to own and operate their own very successful business. The company is not a likely tuck-in candidate.

**Contact:**

*Paul Reilly @ [PREilly@NewDirectionPartners.com](mailto:PREilly@NewDirectionPartners.com)  
or by phone at 303-520-7803.*

- ▶ **Industry Specific Temporary Employment Provider**

We represent a progressive, national temporary and permanent employment firm heavily servicing the graphic communications industry. This is a very innovative firm that has developed and implemented procedures and practices to attract, screen, and supply highly qualified, skilled workers to their clients. With offices in numerous cities across the US, and a number of significant contracts, they are able to successfully provide service to the industry's major firms.

**Contact:**

*Paul Reilly @ [PREilly@NewDirectionPartners.com](mailto:PREilly@NewDirectionPartners.com)  
or by phone at 303-520-7803.*

- ▶ **West Coast Commercial Printer**

Our client is an established, profitable firm located on the West Coast of the US. It has a strong, stable listing of customers from varied industries all with consistent track records. The firm has long-established relationships with many of these clients and successfully attracts new clients with its service offerings and its dedicated focus on building strong strategic partnerships with clients and suppliers. Our client provides a complete range of capabilities for customers from prepress through mailing and fulfillment. With a capable management team in place, and the principal of this privately owned company exiting for retirement, this is an excellent opportunity for a quality, growing acquisition.

**Contact:**

*Paul Reilly @ [PREilly@NewDirectionPartners.com](mailto:PREilly@NewDirectionPartners.com)  
or by phone at 303-520-7803.*

▶ **Northeastern Mass Customized Manufacturer of Photo Products**

Our Client, a privately-owned company located in the Northeast United States, is a mass customization manufacturer of printed products specializing in the photo products market. The foundation of the Company's success has been its propriety workflow technology which connects customers via the web to manufacturing operations enabling a high level of efficient and profitable customization. The founders of the Company have a long history of starting successful companies in the technology and digital print industries. The Company develops all its own technology in-house and its operations are well-known in the printing industry. The Company's software is sold in a SAAS platform throughout the world. Recently, the Client extended its customer reach via an acquisition of mass marketer which sells customized photo products directly to consumers.

**Contact:**

*Paul Reilly @ [PREilly@NewDirectionPartners.com](mailto:PREilly@NewDirectionPartners.com)  
or by phone at 303-520-7803.*

▶ **Southeastern Print Solutions Provider**

Our client is an established, high-growth print solutions firm located in the Southeast region of the United States. The firm's strong year over year growth has been fueled by leveraging their core competencies of quality craftsmanship with 21st century technology to create a sustainable competitive advantage in the commercial printing marketplace. While high-end printing is at the heart of the company, they are a true end-to-end solution provider. From pre-press services to optimized manufacturing processes through on-demand fulfillment, the company offers their customers a complete communication package without the hassle of coordinating across several smaller firms.

**Contact:**

*Tom Williams @ [TWilliams@NewDirectionPartners.com](mailto:TWilliams@NewDirectionPartners.com)  
or by phone at 203-856-0120.*

▶ **Central Texas Print Provider**

Our client is located in Central Texas and is one of the largest full-service commercial printing operations in this rapidly growing region of Texas. Sales in FY 2018 were \$10.3 Million, with Fortune 500 companies comprising a major portion of its client portfolio. Along with state-of-the-art prepress capabilities, the firm offers its clients a broad range of services including offset and digital print, plus variable data print, data processing, direct mail, fulfillment and warehousing services. The Company is family owned, holds minimal debt, and is profitable.

**Contact:**

*Joe Polanco @ [JPolanco@NewDirectionPartners.com](mailto:JPolanco@NewDirectionPartners.com)  
or by phone at 214-336-8586.*

▶ **Southwestern US Commercial Printer**

Our Client is located in a large city offering a full spectrum of print and web-based business tools. The company has a strong reputation within its industry and the local business community. The Company's technical resources include state-of-the-art digital premedia in conjunction with traditional offset printing, digital presses, large-format capabilities, and comprehensive binding, mailing, and fulfillment capabilities.

**Contact:**

*Paul Reilly @ [PREilly@NewDirectionPartners.com](mailto:PREilly@NewDirectionPartners.com)  
or by phone at 303-520-7803.*

▶ **Producer of Flexible Packaging and Labels**

NDP has been retained to sell a leading producer of flexible packaging film, labels, shrink sleeves and pre-formed pouches. Strategically located in the Far West, the Company is growing and is highly profitable, generating revenues in excess of \$5 million with an EBITDA margin in excess of 20%.

**Contact:**

*Peter Schaefer @ [PSchaefer@NewDirectionPartners.com](mailto:PSchaefer@NewDirectionPartners.com)  
or by phone at 610-935-1000.*

▶ **Manufacturer of Digital Label Printing & Finishing Systems**

Our Client designs and manufactures in the United States products and systems based on innovative technologies. Its primary business is the design and manufacture in the United States of a full line of unique on-demand short-run digital label printing and finishing systems which are marketed to an international client base. A growing and highly profitable segment of the company's product offerings include the supply of consumables utilized by its clients for label production. This offering provides a unique opportunity for a legacy manufacturer to expand its product line with technologically competitive products. The potential exists for a buyer to significantly expand the product offerings and earn impressive margins with a very diverse yet stable international client base. The company is debt-free and profitable.

**Contact:**

*Tom Williams @ [TWilliams@NewDirectionPartners.com](mailto:TWilliams@NewDirectionPartners.com)  
or by phone at 203-856-0120.*

▶ **Sale of Midwestern Multi-Channel Marketer**

This Midwestern multi-channel marketing firm provides its clients more solutions than print alone, including targeted omni-channel marketing campaigns employing innovative technologies. The firm is a provider of conventional, digital and large format print, direct mail, digital marketing, lead generation, brand asset management and a client web to print marketing portal for marketing asset management.

**Contact:**

*Tom Williams @ [TWilliams@NewDirectionPartners.com](mailto:TWilliams@NewDirectionPartners.com)  
or by phone at 203-856-0120.*

▶ **Southeastern Packaging, Label & Commercial Printing Marketing Services Provider**

Our client is a privately-held marketing services provider specializing in the manufacture of folding carton packaging, commercial printing and flexographic labels. For over 25 years, their dedicated team has delivered award-winning, customer-centric, print and packaging solutions. The firm operates a state of the art facility with over 70,000 square feet of manufacturing and fulfillment space in a major Southeastern city. They offer a wide range of in-house capabilities and marketing services, integrating print with a variety of electronic correspondence, social media and mobile technologies. Annual revenue exceeds \$12 million.

**Contact:**

*Tom Williams @ [TWilliams@NewDirectionPartners.com](mailto:TWilliams@NewDirectionPartners.com)  
or by phone at 203-856-0120.*

▶ **Digital Book Printer**

The Company is a leading, response oriented digital book printer located in the Midwest. The Company's platform provides customers with the ability to print short run lengths more efficiently and cost effectively. All of the Company's revenues are generated via the Internet, eliminating the need for any sales representatives. The Company has grown each year to its current level of \$5 million in revenues. It has been exceptionally profitable each year.

**Contact:**

*Peter Schaefer @ [PSchaefer@NewDirectionPartners.com](mailto:PSchaefer@NewDirectionPartners.com)  
or by phone at 610-935-1000.*



## Firms Seeking Acquisitions

▶ Buyer of Digital and Direct Mail Firms within 150 Miles of New York City

Client seeks to purchase digital printers and direct mail/mailling firms located within 150 miles of New York City. The ideal target will be profitable with revenues in excess of \$8.5 million.

**Contact:**

*Peter Schaefer @ [PSchaefer@NewDirectionPartners.com](mailto:PSchaefer@NewDirectionPartners.com) or by phone at 610-935-1000.*

▶ Buyer of New England Commercial Printers

Client seeks purchase of commercial, speciality, mailing and marketing printers/agencies throughout New England. Seeking firms with strong management, sales and production staff and a history of serving the corporate, institutional, and organizational markets. Poised for a quick transaction with capacity and funding in place.

**Contact:**

*Jim Tepper @ [JTepper@NewDirectionPartners.com](mailto:JTepper@NewDirectionPartners.com) or by phone at 508-523-9033.*

▶ Buyer Seeks Central and Northern N E Commercial Printers

A growing major New England based full-service printer is interested in acquiring another printer or services house in the central and northern New England marketplace. This organization services a diverse client list providing a wide range of commercial, wide format and promotional products. It is very motivated and positioned to move quickly on additional acquisitions up to \$10 million in sales revenue. A skilled management team is in place but would welcome additions from prospects to help expand its product offerings and increase its sales revenue.

**Contact:**

*Jim Tepper @ [JTepper@NewDirectionPartners.com](mailto:JTepper@NewDirectionPartners.com) or by phone at 508-523-9033.*

▶ Buyer Seeks Wide and Grand Format Printer  
A national producer of Wide and Grand Format digital printed products seeks to purchase a manufacturing operation preferably in the Southeastern United States.

**Contact:**

*Tom Williams @ [TWilliams@NewDirectionPartners.com](mailto:TWilliams@NewDirectionPartners.com) or by phone at 203-856-0120.*

▶ Buyer of Commercial Printers within 100 Miles of Philadelphia

Client seeks purchase of offset/digital printers or mailing entities located within 100 miles of Philadelphia.

**Contact:**

*Peter Schaefer @ [PSchaefer@NewDirectionPartners.com](mailto:PSchaefer@NewDirectionPartners.com) or by phone at 610-935-1000.*



# Looking to Labels and Packaging for Business Expansion

By Jim Russell | *Partner, New Direction Partners*

As consolidation continues to drive the merger and acquisition activity in commercial print, commercial printers who are looking for business growth are increasingly looking for new offerings that can deliver new revenue streams and new customers. Packaging – and more specifically, labels – is an area of growing interest. Why? Because the labels and packaging market is growing – single digits, but it is growing.

But for commercial printers thinking about adding labels or packaging to the mix, it is not as simple as simply adding another press. These markets have different, often much more conservative buyers. It is a big risk for a company to change its labels or packaging provider. If I'm a microbrewery, for example, I'm not as interested in saving a few pennies per label as I am in ensuring that my labels are consistent and that they won't be sliding off the bottles.

Likewise, the printer-turned-converter may need an entirely new set of skills. Laying down ink on paper in high quality is only a small part of the overall equation. They need deep knowledge of substrates and adhesives. They may not have done much die cutting before. And depending on customer requirements and the specific product being produced, structural engineering capabilities are often a must. In addition, sales skills cannot be underestimated. Sales professionals must be able to speak the right language, and the sales approach will likely need to be quite different than that of a traditional commercial print sales person.

For these reasons, commercial printers wishing to grow into labels and packaging are increasingly looking for companies to acquire that already have the necessary expertise and customer base. At New Direction Partners, we have already seen several commercial printers take this path quite successfully. But there are several things to take into consideration when approaching a deal of this nature:

We don't see a huge number of label companies for sale. That means that the good label companies amenable to being acquired will demand a higher premium – expect multiples 5 to 6, rather than the 4 to 5 you might be used to when acquiring a commercial printing firm.

Commercial print buyers are also likely to be facing competition from private equity firms and other strategic buyers who are finding labels and packaging to be an attractive market, which could also drive up the premium.

In this type of acquisition, it is critical that the owners of the company being acquired will be around for at least two to three years, and that they have a good succession plan in place.

As in all acquisitions, acquirers should ensure cultural alignment between the two firms to ensure success, and also consider any overlap in customer base.

One other consideration for commercial printers considering entering the label market: Digital printing is now about 6% of the total market, according to Smithers Pira, with double digit growth expected. A commercial printer who already has significant expertise in digital printing, and the workflow in place to handle the shorter runs, faster turn times and variable data that go along with this market, should consider seeking a label firm that has these skills as well. Digital penetration in other packaging sectors is smaller, but also growing by double digits, according to most industry followers.

For a commercial printer, entering the labels and packaging market can be a challenge. But with appropriate preparation, and guidance from outside experts, these acquisitions can be attractive, positioning the company for a successful future.

## About New Direction Partners

New Direction Partners, founded in 2009, leverages its collective years of industry experience to work with business owners, offering a variety of services. Its Partners and Directors have closed more than 300 transactions.

New Direction Partners typically represents sellers in business transactions. The organization also conducts acquisition searches for potential buyers, offers valuation and strategic planning services, and has expertise in capital formation and financing.



In representing seller shareholders, New Direction Partners' professionals guide sellers through the process step by step, beginning with providing a valuation for the business, authoring a complete and detailed Descriptive Memorandum for prospective buyers, and identification of potential buyers. Where possible, New Direction Partners insulates the selling shareholders from the negotiating process, working with the seller's lawyers and accountants to ensure a prompt and successful closing.

For companies looking to grow through acquisition, New Direction Partners provides comprehensive assistance from square one, becoming the acquiror's corporate development department. This begins with an assessment of objectives, then developing an acquisition team involving key members of the client's management. New Direction Partners then leads the team to identify, select, and analyze the best acquisition targets. New Direction Partners has an experienced research staff that uses its extensive database – plus access to a nationwide network of inside industry sources – to find the answers to questions that help acquirers make informed decisions.

New Direction Partners is an investment banking and financial advisory services formed by Peter Schaefer, Paul Reilly, Jim Russell and Tom Williams to serve the printing and related industries. Services include merger advisory services through the representation of selling shareholders as well as buy side representation, valuation services, financing and refinancing efforts, turnaround and restructuring services, and temporary/interim management consulting. To learn more about New Direction Partners, visit New Direction Partners' website at [www.newdirectionpartners.com](http://www.newdirectionpartners.com).

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